

December 14, 2012

To: Executive Board

Subject: **October Financial Statements and Investment Summary**

Recommendation

Receive and file the Financial Statements and Investment Summary for Fiscal Year 2013.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the fourth month of the fiscal year ending June 30, 2013.

Foothill Transit's cash position of \$64.8 million is \$7.2 million more than the previous month. This increase of cash is the net change between the uses of cash and sources of cash. Uses of cash include an increase in accounts receivable of \$950,000. Sources of cash include a decrease in due from other governments of \$4.2 million, an increase in accounts payable of \$3.5 million and \$500,000 of excess operating grants.

October 2012 fare revenues were \$1.62 million, which is 5.26 percent more than the monthly budgeted amount and \$226,400 more than the previous month. This is a continuation of the trend established in the prior fiscal year. Fare revenues fluctuate slightly from one month to the next, however the fluctuations do not indicate increasing or decreasing revenues, but a relatively flat revenue stream. While the economy is beginning to show signs of improvement (sales tax revenues are increasing), unemployment remains constant at approximately eight percent.

Operating costs through October were \$20.7 million, which is \$2.5 million less than the budget. These costs are \$20,700 or 1.00 percent more than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):

Assets

The balance sheet as of October 31, 2012 shows total assets at \$225.4 million. This total consists primarily of \$150.4 million in fixed assets and \$64.8 million in cash and investments. The cash and investments balance includes \$10.0 million invested in the Local Agency Investment Fund (LAIF); \$15.3 million in non-interest bearing accounts held with Bank of the West; \$25.4 million in an interest bearing account with Bank of the West; \$5.0 million with Chase; \$4.0 million with Bank of the West and \$2.9 million with Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through

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the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West in non-interest earning accounts qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of October 2012 was 0.340 percent; slightly less than the previous month's rate of 0.348 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in almost four years, LAIF interest rates have continued a downward trend until reaching current levels and then with small variations up and down.

Liabilities

The accounts payable balance is \$6.2 million. \$3.6 million of this amount represents the amounts due and payable to the contractors for October services. The amounts payable include fuel costs of \$683,256; Monrovia Dial-A-Ride service of \$55,000 and \$150,430 due Metro.

Operating Revenue and Expense Analysis (Attachment C):

Fare Revenue

October 2012 fare revenues were \$1.62 million was 5.26 percent more than the monthly budgeted amount and \$226,400 more than the previous month. The October revenue is \$42,400 or 2.81 percent more than the prior year monthly average.

While October revenues are slightly more than the prior month revenues and slightly more than the prior year monthly average, the October revenues are 3.0 percent more than the amount budgeted. Revenues are tracking very close to prior year amounts indicating stable ridership and an economy that is neither improving nor weakening. This may be the case even though recent indicators have indicated everything but a stable economy.

State and Local Funding Subsidies of \$17.2 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 0.82 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.

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Expenses

Year-to-date operating expenses through October 2012 were \$20.7 million, compared with the budget of \$23.2 million. This difference of approximately \$2.5 million resulted in a 10.82 percent favorable variance. The majority of this favorable variance is the result of \$366,000 in lower than budgeted service costs and fuel cost savings of \$1.2 million with the balance spread over several departments and not attributable to any one account. It should be noted that the October 2012 year-to-date expenses of \$20.7 million are \$20,769 more than the prior fiscal year.

Farebox Recovery Ratio

The October year-to-date farebox recovery ratio was 28.91 percent; 2.15 percent more than the performance target of 26.76 percent. The farebox recovery ratio was derived by dividing the total fare revenue less the prior year EZ pass revenue, netting \$5,988,950, by the total operating expense figure of \$20,717,846. This ratio has increased 0.28 percent from the September 2012 figure of 28.63 percent.

Sincerely,


Richard Hasenohr
Director of Finance
Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of October 31, 2012

Assets

Current Assets:

Cash	\$ 40,745,089
Investments	24,056,698
Due from government agencies	7,068,545
Other receivables	3,017,698
Other assets	121,251
Total Current Assets	<u>75,009,281</u>
Property & Equipment (net of depreciation)	150,420,701
Total Assets	<u><u>\$ 225,429,982</u></u>

Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 6,233,300
Current portion of long term debt	0
Deferred Revenue	<u>42,416,574</u>
Total Liabilities	<u>48,649,874</u>

Equity

Fund Balance:	<u>176,780,108</u>
Total Equity	<u>176,780,108</u>
Total Liabilities and Equity	<u><u>\$ 225,429,982</u></u>

Summary of Cash and
Investment Account
For October 31, 2012

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	7,938,824	7,938,824
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Excise Tax	N/A	Demand Deposit	7,374,259	7,374,259
Bank of the West-Money Market	0.100%	Demand Deposit	7,001,544	7,001,544
Bank of the West-Money Market	0.050%	Demand Deposit	0	0
Bank of the West-Money Market	0.250%	Demand Deposit	12,536,261	12,536,261
Bank of the West-CTAF ³ Fund	0.100%	Demand Deposit	982,577	982,577
Bank of the West-Money Market	0.250%	Demand Deposit	4,909,723	4,909,723
Subtotal Cash on Hand			40,745,089	40,745,089
Unrestricted Investments:				
Chase Business Saving	0.200%	Demand Deposit	5,042,203	5,042,203
Bank of the West-CDARS	Var	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	Var	Cert. of Deposit	2,988,000	2,988,000
Treasury Bills			1,998,787	1,998,787
LAIF Investment	0.381%	Demand Deposit	10,027,708	10,027,708
Subtotal Unrestricted Investments			24,056,698	24,056,698
Total Cash and Investments			64,801,787	64,801,787

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit
Statement of Revenue and Expense
For Month Ended October 31, 2012

	Actual Oct -12	Budget Oct -12	Variance Favorable (Unfavorable)	Actual Oct- 11
Operating Revenue				
Farebox	\$3,685,646	\$4,180,000	(11.83%)	\$3,752,693
Pass Sales	1,061,581	948,167	11.96%	1,068,213
TAP Cash Purse	728,407	507,400	43.56%	656,684
MetroLink & Access Service	127,197	9,467	1243.63%	17,407
EZ Transit Pass	736,039	504,833	45.80%	792,238
Total Operating Revenue	6,338,870	6,149,867	3.07%	6,287,236
Non-Operating Revenue				
Transportation Development Act (TDA)	5,813,748	5,751,533	1.08%	5,811,184
STA	1,353,352	1,353,367	(0.00%)	1,098,552
Prop A 40% Discretionary	4,342,090	4,342,100	(0.00%)	4,471,406
Prop A 40% BSCP	1,398,560	1,574,167	(11.16%)	1,265,596
Prop C BSIP	281,475	281,467	0.00%	275,578
Prop C Base Restructuring	604,579	604,567	0.00%	591,912
Prop C Transit Service Expansion	100,748	100,733	0.02%	98,637
Prop A & C Interest				
Transit Security-Operating	236,198	237,167	(0.41%)	205,888
Measure R Operating	2,628,770	2,360,833	11.35%	2,926,448
Excise Tax Credit				
FTA Sec 5307 Operating				734,633
FTA Sec 5307 ARRA				
CMAQ				
Gain on Sale of Fixed Assets				
Auxiliary Revenue	487,287	500,000	(2.54%)	487,080
Total Non-Operating Revenue	17,246,807	17,105,934	0.82%	17,966,914
Total Revenue	23,585,677	23,255,801	1.42%	24,254,150
Available Capital Funding				
Capital Grants	2,998,263			1,812,696
Other				
Total Revenue and Capital Funding	26,583,940	23,255,801		26,066,846
OPERATING EXPENSES				
Operations	17,610,927	19,236,167	8.45%	17,320,944
Marketing and Communications	436,083	599,300	27.23%	477,726
Information Technology	387,714	535,300	27.57%	620,193
Administration	533,954	643,133	16.98%	548,485
Procurement	139,074	288,933	51.87%	142,810
Sales and Service	589,961	615,733	4.19%	581,609
Finance	430,004	434,400	1.01%	421,660
Safety and Security	190,573	315,300	39.56%	216,607
Planning	174,514	317,067	44.96%	159,805
Building Management	225,044	245,467	8.32%	207,239
Total Operating Expenses	20,717,846	23,230,800	10.82%	20,697,077
Capital and Other Expenses				
Capital	3,014,592		N/A	1,853,816
Interest			N/A	
Dial-A-Ride	178,433		N/A	243,349
Special Services	64,917		N/A	33,421
Other Misc. expense	450		N/A	(19,818)
Total Capital and Other Expenditures	3,258,392		N/A	2,110,768
Increase (Decrease) of Revenues Over Expenditures	\$ 2,607,702			\$ 3,259,001